

# SENATE BILL REPORT

## SHB 2985

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As Passed Senate, March 10, 2016

**Title:** An act relating to excluding certain school facilities from the inventory of educational space for determining eligibility for state assistance for common school construction.

**Brief Description:** Excluding certain school facilities from the inventory of educational space for determining eligibility for state assistance for common school construction.

**Sponsors:** House Committee on Capital Budget (originally sponsored by Representatives Riccelli, Short, Ormsby, Parker, Holy, Manweller, McCaslin, Tharinger, Peterson, Stanford, Kretz, Magendanz and Moscoso).

**Brief History:** Passed House: 3/03/16, 93-2; 3/10/16, 95-3.

**Committee Activity:** Ways & Means: 3/09/16 [DPA].

Passed Senate: 3/10/16, 49-0.

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### SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** Do pass as amended.

Signed by Senators Hill, Chair; Braun, Vice Chair; Honeyford, Vice Chair, Capital Budget Chair; Hargrove, Ranking Member; Keiser, Assistant Ranking Member on the Capital Budget; Ranker, Ranking Minority Member, Operating; Bailey, Becker, Billig, Brown, Conway, Darneille, Hasegawa, Hewitt, Nelson, O'Ban, Padden, Parlette, Pedersen, Rolfes, Schoesler and Warnick.

**Staff:** Lorrell Noahr (786-7708)

**Background:** School Construction Assistance Program. The School Construction Assistance Program (SCAP), administered by the Office of Superintendent of Public Instruction (OSPI), provides school districts with financial assistance to expand and modernize school facilities. The amount of financial assistance is based on a formula that considers the amount of square feet needed for the number of students; multiplied by an assumed cost per square foot for construction; multiplied by a state funding matching ratio. The school districts square footage need is determined by comparing the school district's facility capacity, which only recognizes facilities that are within the school district's instructional inventory, to the school district's projected enrollment growth and future space needs. School districts may elect for a new school building in lieu of a modernization of an existing facility. As a condition of receiving a new in lieu building, school districts must

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resolve that: the existing building or space replaced will not be used for district instructional purposes; and the existing building will be ineligible for any future state funding assistance. If the existing building or space is subsequently returned to instructional space, the district becomes ineligible for any state funding assistance for a period of ten years.

Inventory of Educational Space. OSPI maintains an educational space inventory of all school facilities for purposes of determining district eligibility for state funding assistance of school construction. State statute requires OSPI to exclude from the inventory those spaces that have been constructed for educational and community activities from grants received from other public or private entities. OSPI also adopts rules for removing instructional space from the inventory under certain circumstances such as school building demolitions or sales or long-term leases of school buildings. School facilities replaced by new construction in lieu of modernization are also removed from the inventory of educational space and must not be used for district instructional purposes and will not be eligible for future state funding assistance.

Basic Education. In 2009, the Legislature adopted a revised basic education funding allocation model for public schools based on prototypical schools. The use of prototypical schools is intended to illustrate the level of resources needed to operate a school of a particular size using commonly understood terms such as class size, hours of instruction, and specified staff positions. In 2010, the Legislature set targets and a timeline for phasing in specified funding enhancements to the basic education program by 2018, including enhancements to student transportation; materials, supplies, and operating costs (MSOC); statewide, full-day kindergarten; and a reduction in kindergarten through grade three (K-3) class sizes. The 2015-17 omnibus appropriations act included sufficient funding to fully implement the enhancements to student transportation, MSOC, and statewide full-day kindergarten. The 2015-17 appropriations also continued the phase-in of K-3 class size reductions. The four-year balanced budget outlook includes the remaining step to implement the enhancement to reduce the K-3 class size to 17 students.

OSPI is required by the Legislation to report biennially on the educational system's capacity to accommodate increased resources for all-day kindergarten and reduced class sizes. In these reports, statewide classroom need estimates, based on school district survey responses, have varied from between 825 classrooms to 5700 classrooms.

General Obligation Bonds. The board of directors of a school district may borrow money and issue bonds for any capital purpose. The amount that may be borrowed is limited by the state Constitution and state statutes. The state Constitution sets a debt limit for school districts at 1.5 percent of the assessed value of property in the district, but the state Constitution permits districts to exceed this limit for construction, up to 5 percent indebtedness, with approval of at least 60 percent of the voters at an election where the total number of voters is at least 40 percent of the total at the last preceding general election. State statute imposes a lower threshold of 0.375 percent indebtedness, but allows districts to exceed this threshold to a total indebtedness of 2.5 percent with the approval of at least 60 percent of the voters voting.

**Summary of Substitute Bill:** School buildings previously removed from the district's instructional inventory can be to be utilized for instructional space: (1) to support

implementation of all-day kindergarten and reduced class sizes in kindergarten through third grade; or (2) to ease capacity overflow due to enrollment growth and failed bond elections within the past five years without penalty in the state construction funding assistance program from July 1, 2016, through June 30, 2021. School buildings returned to use for instructional space must meet public school safety standards.

**Appropriation:** None.

**Fiscal Note:** Available.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Staff Summary of Public Testimony:** PRO: While attending the Senate K-12 listening tour this summer, a teacher from the Mead School District made us aware the district is experiencing facility capacity shortages related to K-3 class size reductions and all-day kindergarten implementation while an old middle school building recently vacated sits empty across the street. The school district has been unable to fully implement all-day kindergarten due to these capacity issues. Allowing school districts to temporarily use these school buildings is a common sense fix. The Ways and Means committee amendment adding public safety considerations to the bill follows the original intent of providing safe buildings for students.

**Persons Testifying:** PRO: Rep. Riccelli, Prime Sponsor.

**Persons Signed In To Testify But Not Testifying:** No one.